REMARKS:

Claims 1-15 are pending. Claims 1-15 are rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,546,523 to Gatto in view of U.S. Patent No. 6,028,950 to Merjanian and U.S. Patent No. 5,485,510 to Colbert.

Reconsideration is requested. No new matter is added. The specification is amended to add a claim of priority from U.S. Patent Application Serial No. 09/731,536, filed on December 6, 2000. Corrected drawings are provided as requested by the Examiner. Claims 1 and 8 have been amended. Claims 26-30 have been added. The rejections are traversed. Claims 1-15 and 26-30 remain in the case for consideration.

REJECTION OF CLAIMS UNDER 35 U.S.C. § 103(a):

The Examiner rejected claims 1-15 under 35 U.S.C § 103(a). In the Office Action dated October 22, 2002, the Examiner indicated specific limitations from the claims that the Examiner thought were taught by the cited references. The limitations identified by the Examiner are drawn only from claims 1, 4, and 7. As the Examiner did not specifically explain why claims 2-3, 5-6, and 8-15 should be rejected, the Applicant believes these claims should be independently allowable.

Referring to claim 1, the invention is directed toward a method for tokenless authorization of an electronic payment. The payor registers with a third party identicator a biometric sample and a financial account identifier. A bid biometric sample is collected from the payor. The bid biometric sample is forwarded to the third party identicator. The third party identicator compares the bid biometric sample with registered biometric samples to either successfully or unsuccessfully identify the payor. If the payor is successfully identified, the third party identicator forwards the financial account identifier to the payee. An electronic transaction is formed between the payor and the payee, and forwarded to a financial institution for authorization. Once authorized, funds are transferred from the payor's financial account to the payee.

Claim 1 has been amended to remove ancillary limitations. Claims 26-28 add these limitations back in as dependent claims. Claims 29 and 30 reproduce original unamended claims 1 and 8, respectively.

In contrast, Gatto teaches an electronic fund transfer system. To simplify use by customers, Gatto allows the customer to define custom transactions. Using custom transactions, customers are not limited to the predefined transactions offered by electronic fund transfer systems. For example, as stated in column 1, lines 30-36, ATMs permit users to

automatically select amounts of cash for withdrawal, but the choices are limited and constant for all users. Instead of limiting users to these choices, Gatto allows the customers to define their own transactions (such as withdrawing $25 instead of other fixed amounts: see column 4, lines 62-64).

Colbert teaches a secure credit/debit card authorization system. When a customer wants to purchase something from a vendor, rather than giving out their card number, they provide an authorization number. The authorization number is provided by the company that issued the customer's card, is specific to the transaction between the customer and the vendor, and may be limited in amount or time. The vendor can use the authorization number once to make the sale, after which the authorization number is no longer valid.

Merjanian teaches a fingerprint controlled set-top box. The user uses a fingerprint to engage in transactions. The user's fingerprint is scanned by the set-top box and compared with a previously known fingerprint sample. If the scanned fingerprint matches the sample, then the user's account is billed for purchases made.

As the Examiner has relied primarily on Gatto in rejecting the claims, Gatto is considered the primary reference, and Colbert and Merjanian are considered only to the extent the Examiner has used the references. The lack of analysis of Colbert and Merjanian with respect to any limitations of the claims to which the Examiner did not apply these references is not to be read as an acknowledgement by the Applicant that either Colbert or Merjanian teach any these limitations of the claims.

There are two significant differences between the instant invention and Gatto. First, the instant invention forwards the payor financial account to the payee; Gatto performs the transaction without returning the transaction to the payee. In a similar vein, the instant invention has the payee forward the transaction to a financial transaction processor, something Gatto does not teach. And second, Gatto does not teach a registration step, wherein the user submits a registration biometric sample.

First, the instant invention forwards the payor financial account to the payee. As stated in claim 1, the identification response step has the third party identicator forwarding the payor financial account to the payee. As stated at page 17, lines 5-6, the payor financial account is forward to enable the payee to be paid. Then, the payee forwards the transaction to a financial transaction processor. The reason for this is to take advantage of the payee's ability to settle the transaction. As stated at page 17, line 30 through page 18, line 2, and again at page 26, lines 15-18, the transaction can be authorized and settled as if the payor had swiped a card.

Gatto does not teach these steps at all. As shown in FIG. 2 of Gatto, at step 110 Gatto processes the transaction directly. That Gatto processes the transaction directly makes sense in the context of Gatto. In Gatto, where a custom transaction is used, the electronic fund transfer system has both the necessary information and the ability to execute the transaction. If the electronic fund transfer system did not execute the transaction, the system would not be an "electronic fund transfer" system. And since the system has the ability to authorize the transaction, sending the transaction back to the source for authorization simply slows the process down unnecessarily and introduces one more leg into the communication sequence that could fail.

Second, Gatto not teach a registration step, wherein the user submits a registration biometric sample. The Examiner cited to column 6, lines 1-11 of Gatto as teaching the use of a biometric sample. But this section deals with the use of a biometric sample to identify the user. Thus, column 6, lines 1-11 are more similar to the payor identification step than the payor registration step, and does not teach or suggest that the user registers a biometric sample.

In summary, none of Gatto, Colbert, and Merjanian teach or suggest the concepts of payor registration, forwarding a payor financial account identifier to the payee, or having the payee forward the transaction to a financial transaction processor, all limitations included in claim 1.

The invention as defined by claim 1 is directed toward:

A method for tokenless authorization of an electronic payment between a payor and a payee using an electronic third party identicator and at least one payor bid biometric sample, said method comprising the steps of:

a payor registration step, wherein the payor registers with an electronic third party identicator at least one registration biometric sample, and at least one payor financial account identifier;

a payor biometric sample collection step, wherein at least one payor bid biometric sample is obtained from the payor's person;

at least one transmission step, wherein the payor bid biometric sample is electronically forwarded to the third-party electronic identicator;

a payor identification step, wherein the electronic third party identicator compares the payor bid biometric sample with at least one registered biometric sample for producing either a successful or failed identification of the payor;

an identification response step, wherein upon successful identification of the
payor, the electronic third-party identicator electronically forwards at least one
payor financial account identifier to the payee;

a transaction execution step, wherein an electronic financial transaction is formed between the payor and the payee, comprising a transaction amount and a payor financial account identifier, and *the financial transaction is electronically forwarded by the payee to a financial transaction processor for authorization;*

wherein upon successful identification of the payor and payee and authorization of the financial transaction by the financial transaction processor, a biometric-based authorization of an electronic payment is given to transfer funds from the payor's financial account to a payee's financial account.

(claim 1; italics added). As these features are not taught or suggested by Gatto, Colbert, or Merjanian, claim 1 is patentable under 35 U.S.C. § 103(a) over Gatto in view of Colbert and Merjanian. Accordingly, claims 1-15 and 26-28 are allowable.

Referring to claim 26, the invention is directed toward a method for tokenless authorization. Claim 26 adds the further limitation that the payee register with the third party identicator. The purpose of this step is to ensure that the payee is properly identified. If the party identification apparatus is stolen, then the transaction can be avoided, which would defraud at least one of the payor and the proper payee.

The Examiner acknowledges that Gatto does not teach the step of having the payee register with the third party identicator. On page 4, fifth paragraph of the Office Action dated October 22, 2002, the Examiner states that Gatto "fails to specifically disclose that the payee registers identification data with [the] electronic identicator." The reason Gatto lacks this step is because Gatto cannot use payee identification data. The custom transactions that Gatto enables customers to create are very limited in scope, and must be defined before they can be used. Referring to FIG. 2 of Gatto, note that at step 107 the user *selects* a custom transaction, and at step 110 the selected custom transaction is processed. The user is not able to build a transaction at step 107: the custom transaction must be predefined. In other words, *before* the user engages in the transaction with the payee, the user has to define the custom transaction, indicating that money is to be transferred from one account to another. This is reiterated at column 4, lines 37-40: "the user-defined transactions stored on ID card 30 may be read when a user accesses the ATM to enable the user easily select a pre-deformed [sic] transaction for execution." The typographical error in column 6, line 40, most likely was

meant to be "pre-defined transaction," based on other references to the transactions being pre-defined (e.g., column 6, line 48).

Gatto does provide for the ability to add additional inputs to the custom transaction. But based on the description of step 108, found in column 6 at lines 46-59, this additional input does not reach the possibility of building a custom transaction on the spot. Gatto provides the example of a customer wanting to pay his American Express card balance from his primary checking account. The additional input can include the amount of money to be paid, but apparently not the source or destination for the funds.

The Applicant acknowledges that, to be able to transfer funds to a payee account, the system needs to know the account into which the funds are to be transferred. But the purpose of registering the payee, as described in claim 26, is to be able to construct a transaction at the time the transaction occurs, not before. If a user has to define a custom transaction in advance of its use and is limited to pre-defined custom transactions, the user can provide the payee financial account information at the time the custom transaction is defined. The payee does not need to provide the financial account information directly to the electronic fund transfer system. Requiring the payee to register with the electronic fund transfer system provides no advantage to anyone.

And even if it made sense in Gatto to have the payee register with the electronic fund transfer system (a position the Applicant disputes), Gatto only needs financial account information to be able to transfer funds to the payee's account. The payee information data of claim 26 is used in claim 27 to *identify* the payee, not to transfer funds. As stated above with reference to claim 1, it is the payee, and not the third party identicator, that forwards the transaction for authorization. Since Gatto only uses the payee account information to transfer funds into the payee account and not to identify the payee, Gatto needs different data, and uses the data differently.

The invention as defined by claim 26 is directed toward:

A method according to claim 1, further comprising *a payee registration step, wherein the payee registers a payee identification data with the electronic third party identicator.*

(claim 26; italics added). As these features are not taught or suggested by Gatto, Colbert, or Merjanian, claim 26 is patentable under 35 U.S.C. § 103(a) over Gatto in view of Colbert and Merjanian. Accordingly, claims 8 and 26-28 are allowable.

The invention as defined by claim 27 is directed toward:

A method according to claim 26, wherein:

the at least one transmission step includes *electronically forwarding a bid payee identification data to the third-party electronic identicator*; and

the method further comprises a payee identification step, wherein *the electronic third party identicator compares the payee's bid identification data with registered payee identification data for producing either a successful or failed identification of the payee.*

(claim 27; italics added). As these features are not taught or suggested by Gatto, Colbert, or Merjanian, claim 27 is patentable under 35 U.S.C. § 103(a) over Gatto in view of Colbert and Merjanian. Accordingly, claim 27 is allowable.

The invention as defined by claim 29 is directed toward:

A method for tokenless authorization of an electronic payment between a payor and a payee using an electronic third party identicator and at least one payor bid biometric sample, said method comprising the steps of:

a payor registration step, wherein the payor registers with an electronic third party identicator at least one registration biometric sample, and at least one payor financial account identifier;

a payee registration step, wherein the payee registers a payee identification data with the electronic third party identicator;

a payor biometric sample collection step, wherein at least one payor bid biometric sample is obtained from the payor's person;

at least one transmission step, wherein the payor bid biometric sample and b*id payee identification data are electronically forwarded to the third-party electronic identicator*;

a payor identification step, wherein the electronic third party identicator compares the payor bid biometric sample with at least one registered biometric sample for producing either a successful or failed identification of the payor;

a payee identification step, wherein the electronic third party identicator compares the payee's bid identification data with registered payee identification data for producing either a successful or failed identification of the payee;

an identification response step, wherein upon successful identification of the payor and payee, the electronic third-party identicator electronically forwards at least one payor financial account identifier to the payee;

a transaction execution step, wherein an electronic financial transaction is formed between the payor and the payee, comprising a transaction amount and a

payor financial account identifier, and *the financial transaction is electronically forwarded by the payee to a financial transaction processor for authorization*;

wherein upon successful identification of the payor and payee and authorization of the financial transaction by the financial transaction processor, a biometric-based authorization of an electronic payment is given to transfer funds from the payor's financial account to a payee's financial account

(claim 29; italics added). As these features are not taught or suggested by Gatto, Colbert, or Merjanian, claim 29 is patentable under 35 U.S.C. § 103(a) over Gatto in view of Colbert and Merjanian. Accordingly, claim 29-30 is allowable.

Applicant respectfully submits that each of the Examiner's rejections has been overcome and that this Application is in condition for allowance. Such is respectfully requested.
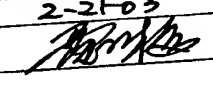
If any questions remain, please call the undersigned.

Respectfully submitted,

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IN THE SPECIFICATION:

The paragraph beginning at page 1, line 5 has been replaced with the following:

This application is a <u>continuation of co-pending application Serial No. 09/731,536,</u> <u>filed on December 6, 2000, which is a</u> continuation-in-part of co-pending application Serial No. 09/239,570, filed on January 29, 1999, which is a continuation of application Serial No. 08/705,399, filed on August 29, 1996 now U.S. Patent No. 5,870,723, which is a continuation-in-part of U.S. Application Serial No. 08/442,895 filed on May 17, 1995 now US Patent No. 5,613,012 which is a continuation-in-part of U.S. Application Serial No. 08/345,523, filed on November 28, 1994, now U.S. Patent No. 5,615,277, all commonly assigned.

The paragraph beginning at page 10, line 27, has been replaced with the following:

Fig. 1 is a schematic diagram of the preferred embodiment of a Party Identification [Device] <u>Apparatus</u> (PIA) with a biometric sensor and key pad.

The paragraph beginning at page 11, line 1, has been replaced with the following:

Fig. 3 shows an alternative embodiment where the PIAs are connected to the <u>Data</u> <u>Processing Center</u> (DPC) using a cellular digital packet data.

The paragraph beginning at page 25, line 29, has been replaced with the following:

Next, the payor enters a PIN code into the PIA keypad (step **704**). At this point, the PIA transmits the biometric-PIN to the DPC for identification, along with the PIA hardware identification code (step **720**). The DPC identifies the payor using the biometric sample (step **706**), and retrieves the list of financial accounts that the payor has previously registered with the [system, and] <u>system. The DPC identifies the payee using the PIA hardware</u> <u>identification code that was previously registered by the payee (step **712**). The DPC</u> transmits [this] <u>the</u> list <u>of financial accounts registered for the payor</u> back to the PIA (step **708**). The transaction amount is entered at this time (step [712] <u>710</u>), if not entered when the PIN is entered. [The DPC identifies the payee using the PIA hardware identification code that was previously registered by the payee (step **710**).]

IN THE CLAIMS:

Claims 1 and 8 have been amended as follows:

1. (First Amendment) A method for tokenless authorization of an electronic payment between a payor and a payee using an electronic third party identicator and at least one payor bid biometric sample, said method comprising the steps of:

a payor registration step, wherein the payor registers with an electronic third party identicator at least one registration biometric sample, and at least one payor financial account identifier;

[a payee registration step, wherein the payee registers a payee identification data with the electronic third party identicator;]

a payor biometric sample collection step, wherein at least one payor bid biometric sample is obtained from the payor's person;

at least one transmission step, wherein the payor bid biometric sample [and bid payee identification data are] is electronically forwarded to the third-party electronic identicator;

a payor identification step, wherein the electronic third party identicator compares the payor bid biometric sample with at least one registered biometric sample for producing either a successful or failed identification of the payor;

[a payee identification step, wherein the electronic third party identicator compares the payee's bid identification data with registered payee identification data for producing either a successful or failed identification of the payee;]

an identification response step, wherein upon successful identification of the payor [and payee], the electronic third-party identicator electronically forwards at least one payor financial account identifier to the payee;

a transaction execution step, wherein an electronic financial transaction is formed between the payor and the payee, comprising a transaction amount and a payor financial account identifier, and the financial transaction is electronically forwarded by the payee to a financial transaction processor for authorization;

wherein upon successful identification of the payor [and payee] and authorization of the financial transaction by the financial transaction processor, a biometric-based authorization of an electronic payment is given to transfer funds from the payor's financial account to a payee's financial account.

8.   (First Amendment)   The method of claim [1] 26 wherein the payee identification data comprises any one of the following: a payee hardware ID code, a payee telephone number, a payee email address, a payee digital certificate code, a payee account index, a payee financial account number, a payee biometric, and a payee biometric and PIN combination.

Claims 26-30 are new.